

Message Text

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ACTION EB-07

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DEPARTMENT FOR JOEL BILLER

BEIRUT FOR RTDO

E.O. 11652: N/A

TAGS: BEXP, SA

SUBJECT: BUILDEX '76, SAUDI ARABIA: STATUS, PROBLEMS AND SUGGESTION
S

REF: TELCON 9/23/75 VITOUS-MCCAULEY CAGNE

1. SUMMARY: INNUMERABLE PROBLEMS INVOLVING LOGISTICS, LOCAL POLITICS AND TIME SHORTAGES HAVE BESET AND UPSET PLANS FOR HOLDING EXHIBIT IN JIDDA. ONLY ALTERNATIVE AND ACTUALLY PREFERABLE SITE FOR SALES POTENTIAL IS RIYADH. VITOUS CONCURS. PLANS FOR RIYADH PER TELCON INVOLVING U.S. ARMY CORPS OF ENGINEERS ALSO UPSET. COE HAS OFFERED ASSISTANCE WITH YET ANOTHER OPTION. WE SUGGEST POSSIBLE PLANS FOR DEPARTMENT AND COMMERCE CONSIDERATION. END SUMMARY.

2. IN ADDITION ALL OTHER DIFFICULTIES INVOLVING JIDDA AS SITE, SUCH AS CLOGGED HARBOR AND PORT WITH 73 DAY TURN-AROUND TIME, IS OVERRIDING FACT THAT SAUDI PRIVATE FAIR COMPANY HAS RESERVED AIRPORT PILGRIMAGE SHEDS THROUGH MAY 1976. WE BELIEVE MOVE MADE TO PRESSURE US TO PARTICIPATE IN HORIZONTAL LOCAL GRAB-BAG "FAIR" SCHEDULED FROM MARCH 15-19, 1976. SPACE COST QUOTED TO US AT \$104,000 PER EACH BUILDING OF 960 SQUARE METERS.
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SAUDI FAIR FIRM OFFERED 20 PERCENT DISCOUNT MAXIMUM FOR

LARGER SPACE. WE REJOINED BY STATING THAT COST PROHIBITIVE EVEN AT 75 PERCENT DISCOUNT FOR FIXED BUDGET REASONS. ALSO REPLIED THAT WE WOULD NOT COMPETE WITH NATIONAL PRIVATE FIRM IN JIDDA. GOR ASSURANCES THAT NO OBJECTION TO RIYADH AS SITE AT NON-CONFLICTING DATE.

3. AFTER SEPARATE VISIT TO RIYADH SEPTEMBER 20 BY CA, VITOUS TRAVELED THERE ON SEPTEMBER 23 TO SURVEY NEW EMPTY FURNITURE FACTORY SUGGESTED AS SITE BY DIRECTOR OF RIYADH CHAMBER OF COMMERCE. SITE WAS SOLD, BUT VITOUS SEARCHED FOR AND FOUND IDEAL SPOT WITH 1800 SQUARE METER UNUSED EMPTY BUILDING CONTAINING OFFICES, ETC. WITH ADEQUATE PERFECTLY LEVEL ADJACENT OPEN AREA. ALL HELD BY U.S. ARMY CORPS OF ENGINEERS. VITOUS NOTIFIED EBLAN IN JIDDA WHO CONTACTED COE DEPUTY COMMANDER. LATTER STATED COE WOULD DO EVERYTHING TO ASSIST.

4. SEPTEMBER 24 COE ADVISED THAT BUILDING SELECTED IS TO BE COMMISSARY FOR U.S. ARMY PERSONNEL WITH OPERATION PROMISED BEFORE CHRISTMAS 1975. NO POSSIBLE WAY BUILDING, REPEAT BUILDING, COULD BE LOANED TO USDOC ON DATES REQUESTED.

5. UPON APPEAL FOR RECONSIDERATION, COE LATER ADVISED EMBASSY LIAISON OFFICER AT RIYADH THAT IT STILL DESIRED TO ASSIST AND OFFERED 10,000 SQUARE METER LEVEL AREA AND A 5,000 SQUARE METER PLOT, BOTH ADJACENT TO PROJECTED COMMISSARY, FOR EXHIBIT USE WITHOUT CHARGE. COE PLANS BUILD WAREHOUSE WITH ABOUT 1,800 SQUARE METER FLOOR SPACE ON LARGER LOT SAME SIZE AS COMMISSARY BUILDING. THEY PROPOSED TO BUY SUCH A BUILDING FROM POSSIBLE U.S. EXHIBIT PARTICIPANT AND LET USDOC USE IT FOR BUILDEX '76. BUILDING IN EFFECT WOULD BE PART OF EXHIBIT. ALSO COE ADVISED THAT 700 KVA GENERATOR NOW IN POWER PLANT AT COMPLEX WOULD BE FULLY NEEDED BY THEM BUT THAT PLANT IS EXPANDABLE FOR ANOTHER 700 KVA GENERATOR. SUGGESTED THAT ANOTHER U.S. EXHIBITOR DESIRING TO DISPLAY SUCH EQUIPMENT IN WORKING ORDER COE WOULD ALSO PURCHASE AND LET USDOC USE WITHOUT CHARGE. FYI: SAG PAYS ALL COSTS COE OPERATIONS HERE.

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6. COE OFFER APPEARS BE ONLY ALTERNATIVE AND TIME DOES NOT PERMIT FURTHER EXPLORATION IF WE WANT THIS IN APRIL 1976.

7. AMONG LIST OF EXHIBITORS GIVEN EBLAN BY MANZALILLO ARE SEVERAL BUILDING MANUFACTURERS: ARMCO, BUTLER MFG. CO., KIRBY BUILDING SYSTEMS, ETC. NO LISTED, BUT EXCELLENT RECRUITMENT TARGETS, CONSIDERING COE ASSURED

PURCHASE PROPOSAL, ARE: PARKERSBURG METAL BUILDINGS, PRUDEN PRODUCTS CO., BEHLEN MFG. CO., REPUBLIC STEEL AND DURASTEEL BUILDINGS. ALL LISTED IN THOMAS REGISTER. SUGGESTED PROJECT OFFICER CONTACT AND OFFER THE COE PROPOSAL WITH CONCURRENCE USDOC/CAGNE AND EXHIBITS DESIGN.

8. PERMIT TO HOLD FAIR RIYADH IS IN ORDER AS ORIGINALLY REQUESTED. WE WILL ADVISE MIN COM AND IND EXACT SITE WHEN PROBLEMS OVERCOME. VITOUS RETURNING RIYADH ATTEMPT RESOLVE THIS LATEST IN LONG SERIES OF DISAPPOINTMENTS.

9. WE STILL CONSIDER LOCAL SALES PROSPECTS THIS PRODUCT LINE EXCELLENT AND EXPOSURE TO LARGEST BUYER, SAG, MOST PROMISING. ALMOST EVERY MAJOR SAUDI BUSINESS FIRM HAS OFFICE IN RIYADH AND SAUDI FIRMS THIS PRODUCT CATEGORY ALL FOCUSING ON SALES TO GOVERNMENT. LOCAL BUSINESSMEN ENTHUSIASTIC ABOUT SEEING NEW-TO-MARKET U.S. FIRMS. BRITISH EXPERIENCE WITH SIMILAR BUT MUCH SMALLER PREVIOUS FAIR RESULTED IN EVERYTHING SOLD. BOARD OF TRADE REPS SPENT TWO AND HALF YEARS HERE SETTING IT UP WITH SIMILAR PROBLEMS.

10. THIS TRADE PROMOTION EVENT COULD BE LARGEST U.S. COMMERCIAL SUCCESS THIS CENTURY BUT WE HAVE TO STOP TRYING TO BAG ELEPHANTS WITH BUTTERFLY NETS. SUGGEST UPPING O/A BUDGET SINCE COSTS FOR EVERYTHING HERE RISING DAILY. PROPERLY DONE, SALES COULD APPROACH \$BILLION MARK, A RELATIVELY SMALL FIGURE WHEN CONSIDERING \$142 BILLION FIVE YEAR PLAN WHICH SAG CAN AFFORD. A SHOESTRING EFFORT WOULD BE A DISASTER.

FYI BRAZIL, CANADA, DENMARK, GREECE AND SPAIN PLANNING EXHIBITS IN 1976.

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11. VITOUS APPRECIATES PROBLEMS AND POTENTIAL THIS MARKET. AKINS

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